



Health Service
LOS ANGELES COUNTY

Los Angeles County
Board of Supervisors

Gloria Molina
First District

Mark Ridley-Thomas
Second District

Zev Yaroslavsky
Third District

Don Knabe
Fourth District

Michael D. Antonovich
Fifth District

Mitchell H. Katz, M.D.
Director

Hal F. Yee, Jr., M.D., Ph.D.
Chief Medical Officer

John F. Schunhoff, Ph.D.
Chief Deputy Director

313 N. Figueroa Street, Suite 912
Los Angeles, CA 90012

Tel: (213)240-8101
Fax: (213) 481-0503

www.dhs.lacounty.gov

To ensure access to high-quality, patient-centered, cost-effective health care to Los Angeles County residents through direct services at DHS facilities and through collaboration with community and university partners



www.dhs.lacounty.gov

September 6, 2011

REVISED

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**APPROVAL OF SOLE SOURCE PROPOSITION A AGREEMENT
FOR HOUSEKEEPING STAFFING SERVICES
(SUPERVISORIAL DISTRICTS 1, 2, AND 4)
(3 VOTES)**

SUBJECT

Request approval of a new sole source Proposition A agreement with Servicon Systems, Inc. for supplemental Housekeeping Staffing Services for the Department of Health Services.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Make a finding pursuant to Los Angeles County Code Section 2.121.420 that Housekeeping Staffing Services, as described herein, can be performed more economically by an independent contractor.
2. Instruct the Mayor to execute a Proposition A (Prop A) Agreement with Servicon Systems, Inc. (Servicon), effective upon Board approval, for the provision of Housekeeping Staffing Services at LAC+USC Medical Center (LAC+USC MC), Rancho Los Amigos National Rehabilitation Center (RLANRC), and Martin Luther King, Jr. Multi-Service Ambulatory Care Center (MLK-MACC) for one year, with an annual facility cost of \$5,784,163 and an option to extend the term on a month-to-month basis, not to exceed six months, for an additional cost not to exceed \$2,892,082.
3. Delegate authority to the Director of Health Services (Director), or his designee, to execute amendments to the Agreement to: a) exercise the option to extend the term on a month-to-month basis for up to six months under the same terms and conditions; b) add and/or change non-substantive terms and conditions in the

The Honorable Board of Supervisors
September 6, 2011
Page 2

Agreement as required by your Board; c) delete staff and make necessary changes to the scope of services; and d) add additional staff for emergency and expanded services at a cost not to exceed 10 percent of the annual maximum contract sum.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTIONS

The Department of Health Services (DHS) currently accesses Internal Services Department's (ISD) custodial contracts for supplemental custodial services at LAC+USC MC, RLANRC, and MLK-MACC. These services are used to augment County staff. Until recently, ISD provided DHS with this supplemental staffing using a contract with Premier Building Maintenance Services (Premier). However, as ISD advised your Board on July 5, 2011, Premier gave notice that it filed a Chapter 11 bankruptcy petition on June 27, 2011 and subsequently ceased providing services. As a result, ISD made temporary arrangements for three other ISD custodial contractors to provide services until DHS obtained a replacement agreement.

While both ISD and DHS had hoped that these temporary replacement services would remain in place long enough to permit DHS to develop and implement a more thorough transition plan, including a contract solicitation, ISD recently learned that the replacement provider at RLANRC would no longer be able to provide services. In anticipation of the other replacement contractors also having the same issues, DHS, County Counsel and ISD have conferred and determined that the only feasible alternative now is for DHS to accelerate the transition of all services to its department under a temporary contract.

Accordingly, to ensure ongoing services until a competitive solicitation can be completed, DHS entered into negotiations for a temporary, one-year agreement with Servicon, a current housekeeping provider for the department. This agreement will give DHS the reasonable transition period that it initially had hoped to have and also will ensure uninterrupted housekeeping services to maintain patient care and safety. DHS will release a Request for Proposal by November 1, 2011.

Approval of the first recommendation is necessary to comply with Los Angeles County Code Section 2.121.420, which requires that contracting under Prop A be cost-effective and operationally feasible. DHS and the Auditor-Controller (Auditor) have made that determination and Attachment A provides the cost analysis.

Approval of the second recommendation will allow the Mayor to execute a sole source Agreement with Servicon, Exhibit I, to provide Housekeeping Staffing Services at LAC+USC MC, RLANRC, and MLK-MACC for the recommended term.

The Honorable Board of Supervisors
September 6, 2011
Page 3

Approval of the third recommendation will allow the Director to exercise delegated authority in compliance with Los Angeles Code Section 2.121.300. The Agreement contains an express delegation of this authority for the Director to: a) exercise the option to extend the term of the Agreement; b) add and/or change non-substantive terms and conditions in the Agreement as required by your Board; c) delete staff and make necessary changes to the scope of services; and d) add additional staff for emergency and expanded services at a cost not to exceed 10 percent of the annual maximum contract sum.

Implementation of Strategic Plan Goals

The recommended actions support Goal 1, Operational Effectiveness, and Goal 4, Health and Mental Health, of the County's Strategic Plan.

FISCAL IMPACT/FINANCING

The annual estimated net County contract costs for the provision of Housekeeping Staffing Services for LAC+USC MC, RLANRC, and MLK-MACC is \$5,784,163 (Attachment B). A cost analysis for Housekeeping Staffing Services was prepared in accordance with Auditor-Controller guidelines and methodologies. The Department has determined that the contract is cost-effective. Attachment A provides additional information.

Funding is included in the DHS Fiscal Year (FY) 2011-12 Adopted Budget and will be requested as a continuing appropriation in future fiscal years' budgets.

The Sole Source Agreement under the Prop A exception to the Civil Service requirement to use County employees will save the County approximately \$1,516,496, an average savings of 21 percent for LAC+USC MC, RLANRC, and MLK-MACC.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The recommended Sole Source Agreement is for a one-year term with six month-to-month extensions. Attachment C is a sole source justification checklist in compliance with Board Policy 5.100.

The Agreement may be terminated for convenience by the County at its sole discretion, with no less than ten days' written notice.

County Counsel has reviewed and approved the recommended Agreement as set forth in Exhibit I as to use and form.

The Honorable Board of Supervisors
September 6, 2011
Page 4

Chief Executive Office, Risk Management has reviewed and approved the insurance and indemnification provisions of the Agreement.

It has been determined that the provision of services by the Contractor under the recommended Agreement is subject to Prop A guidelines which include the Living Wage Program set forth in Los Angeles County Code Chapter 2.201. Contractor is in compliance with the Living Wage Program requirements.

The award of this Agreement will not result in unauthorized disclosure of confidential information.

CONTRACTING PROCESS

Not applicable.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Approval of the recommendations will ensure the continued provision of Housekeeping Staffing Services at DHS facilities.

Respectfully submitted,


Mitchell H. Katz, M.D.
Director

MHK:tvf

Enclosures (3)

c: Chief Executive Office
County Counsel
Executive Office, Board of Supervisors
Internal Services Department

Department of Health Services
Proposition A - Housekeeping Staffing Services
Cost Analysis Summary
September 6, 2011 - September 5, 2012

ATTACHMENT A

LAC+USC MEDICAL CENTER				
	Total Estimated Avoidable Costs	Total Contract Price	Estimated Savings From Contracting	Percentage Savings*
Total	\$3,371,855	\$2,675,859	\$695,996.09	21%

RANCHO LOS AMIGOS NATIONAL REHABILITATION CENTER				
	Total Estimated Avoidable Costs	Total Contract Price	Estimated Savings From Contracting	Percentage Savings*
Total	\$1,661,740	\$1,348,409	\$313,331	19%

MLK MULTI-SERVICE AMBULATORY CARE CENTER				
	Total Estimated Avoidable Costs	Total Contract Price	Estimated Savings From Contracting	Percentage Savings*
Total	\$2,267,064	\$1,759,895	\$507,168	22%
Total for All Facilities	\$7,300,659	\$5,784,163	\$1,516,496	
			Total Percentage of Savings for all Facilities	21%